



DEPARTMENT OF PUBLIC SOCIAL SERVICES

WELFARE FRAUD PREVENTION & INVESTIGATIONS SECTION

Number
03-08

Date:
04/09/03

Administrative Memorandum

SUBJECT: WELFARE FRAUD INVESTIGATION HANDBOOK - RELEASE OF REVISED PROCEDURES FOR WELFARE FRAUD INVESTIGATOR (WFI)

REFERENCE: WFP&I Handbook

SPECIAL ATTENTION:

☒ ALL WFI ☒ ALL SWFI

I. BACKGROUND/PURPOSE

This Administrative Memorandum releases the following revised sections of the Welfare Fraud Prevention & Investigations (WFP&I) Handbook, 01-100 Introduction, 03-100 Pre-Investigative Activities, 03-101 Confidentiality and 03-102, Investigation of Earned Income, both IEVS and non-IEVS.

II. POLICY

The revised procedures are effective immediately. Investigative staff are to replace the designated sections in their existing Handbook with the revised pages. Additional sections of the WFP&I Handbook will be released in the near future.

The designated pages of the Handbook were revised to include changes resulting from modifications to the Income and Eligibility Verification System (IEVS), as well as changes resulting from the implementation of LEADER.

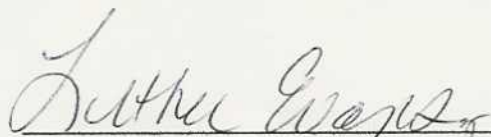
II. PROCEDURES

The Welfare Fraud Investigator shall complete all of the activities outlined in Section 03-100, Performs Pre- Investigative Activities.

Section 03-101, Confidentiality, contains the security requirements for Federal Tax Information (FTI). The WFI must comply with all confidentiality requirements applicable to FTI.

Section 03-102, Investigation of Earned Income, outlines activities appropriate to the investigation of Unreported Earned Income, both IEVS and Non-IEVS related. The WFI may not be required to complete all of these activities in the course of an investigation. However, the WFI shall evaluate each individual referral for investigation of Unreported Earned Income and complete all activities required to substantiate his/her findings.

Please direct any questions regarding this memorandum to your immediate supervisor.

A handwritten signature in cursive script, appearing to read "Luther Evans", is written over a horizontal line.

Luther Evans, Director
Welfare Fraud Prevention & Investigations Section

01-100

The purpose of this Handbook is to provide a clear understanding of the responsibilities and performance expectations for staff assigned to the Welfare Fraud Prevention & Investigations. This Handbook also provides uniform procedures for investigative staff assigned to the Welfare Fraud Prevention & Investigations Section.

The Handbook is the property of Los Angeles County. The employee may retain the Handbook as long as he/she is assigned to the Welfare Fraud Prevention & Investigations Section. However, the Handbook shall remain the property of the Welfare Fraud Prevention & Investigations Section if the employee leaves County employment or transfers to another section.

The Handbook is to be filed in the Investigations binder. Revisions and additions will be release in Manual Letter form. Each Handbook holder will receive a copy of all new or revised material to be filed in the Investigation binder.

Staff assigned to the Welfare Fraud Prevention & Investigations Section are required to follow the policies and procedures outlined in this Handbook except as otherwise instructed by the Director of the Welfare Fraud Prevention & Investigations Section or by a Deputy Director.

RESPONSIBILITY ACTIVITY

WFI 03-100 PERFORMS PRE-INVESTIGATIVE ACTIVITIES

- .1 Prior to proving the fraud allegation, the Welfare Fraud Investigator (WFI) must understand the following elements of welfare fraud:

.1.1 **MISREPRESENTATION**

Misrepresentation occurred if the participant(s) misrepresented a material fact(s) to the Department of Public Social Services(DPSS).

Example: The participant(s) declared on CA2s/JA2s/CA20s, Statement of Facts or CA7s/CW7s, Monthly Eligibility Report, that he/she was not employed when, in fact, he/she was employed.

.1.2. **INTENT**

Intent to defraud the County of Los Angeles existed if the participant(s) stated as true a fact he/she knows to be false or failed to disclose a fact he/she should have reported.

Example: The participant reported the whereabouts of the absent parent as unknown or failed to report the parent was in the home and had income. You must prove the participant intentionally reported circumstances that were not true to collect aid to which he/she was not entitled.

.1.3 **KNOWLEDGE**

The participant(s) had **knowledge** of his/her responsibility to report true circumstances that affect eligibility and the participant reported facts that were not true or failed to report facts that should have been reported.

Example: The participant was advised of his/her reporting responsibility during an interview with the Eligibility Worker (EW) and indicated he/she understood his/her reporting responsibility by signing the CA2s/JA2s/CA20s, Statement of Facts and CA7s/CW7s. The participant(s) failed to report personal property (bank account) that exceeds the current property limitation.

WF 03-100 PERFORMS PRE-INVESTIGATIVE ACTIVITIES**.1.4 RELIANCE**

The DPSS relied upon the misrepresentation(s) as truth in determining the participant(s) eligibility to public assistance. You must prove that DPSS issued and based on the participant(s) statements.

.1.5 OVERPAYMENT/OVERISSUANCE

An overpayment/overissuance of benefits was received by the participant. You must prove that the person(s) who made the misrepresentations received the benefits for which there partial or no entitlement.

NOTE: All the elements above must be proven to allege a fraud overpayment/overissuance exists, and to refer the case to District Attorney Team (DAT) Screenings Unit. Investigative techniques for various crimes of welfare are listed below in this division of the handbook.

.2 CENTRAL FRAUD FOLDER (CFF)

The WFI receives the Central Fraud Folder (CFF) containing the allegation of welfare fraud, LEADER and/or WCMIS printout, FACTS Input Document "FID" (PA 933), Record of Investigative Activity (PA 334), and any other documents attached to the referral.

.2.1 Reviews transcript of call to Central Fraud Referral Line (CFRL) or We Tip narrative, computer printouts and all other information provided in the CFF. Refer to Section 03-102 for instructions on how to obtain case record.

.2.2 Documents the Central Fraud Folder (CFF) as follows:

- .a** Documents the date the CFF was received on Record of Investigative Activity (PA 334).
- .b** Updates the information on front of CFF folder (PA 7).
- .c** Summarizes the allegation(s) on the Record of Investigative Activity (PA 334).

WFI 03-100

PERFORMS PRE-INVESTIGATIVE ACTIVITIES CONT'D

.3 INVESTIGATIVE PLAN

- .3.1** Develops an Investigation Plan.
- .3.2** Establishes due dates for completing the investigation within six months of the date the investigation was assigned.
- .3.3** Documents Investigation Plan on the Record of Investigative Activity (PA 334), as follows.

- .a** List documents to be requested.
- .b** List telephone contacts to be made.
- .c** List field investigations to be made.

NOTE: The PA 334 is always filed and maintained on the left side of the CFF.

- .3.4** If evidence of an additional allegation(s) is discovered or a subsequent referral is received while the referral is under investigation, the WFI shall:
 - .a.** Thoroughly document the new allegations on the Record of Investigative Activity (PA 334).
 - .b.** Change or add the additional activities to the Investigation Plan, as needed to address the new allegation.
- .3.5** If during the course of the investigation evidence is obtained which indicates that the participant(s) is/are not eligible to all or a portion of the benefits received, the WFI shall notify the Eligibility Worker (EW) by initiating a LEADER Future Action Control, User Control Request. The WFI may also telephone the EW or the ES and/or send a copy of the LEADER User Control Request to the District Fraud Liaison, as deemed appropriate.

NOTE: Fraud Investigative Interim Report (WFP&I 23) is to be used only for Districts/Programs that do not utilize LEADER (IHSS, GAIN). LEADER Future Action Control (FAC) is to be used for all LEADER Districts.

WFI 03-101

CONFIDENTIALITY

All IEVS information is confidential. Existing program rules regarding confidentiality of applicant and participant information also pertain to information received through IEVS.

In addition, the BEER (Federal Tax Information [FTI]) is subject to strict security requirements. The BEER or FTI abstracts received as a fraud referral must be maintained in locked drawers or cabinets.

1. These abstracts should be filed and retained in the Central Fraud folders.
2. The abstracts are not to be removed from the WFP&I work area during the investigation of the fraud referral.
3. Investigations closed with negative case findings shall have all computer matches, printouts/FTI information removed from the CFF and shredded prior to forwarding the CFF to WFP&I suspense.
4. Positive investigations closed to suspense with sensitive information such as BEER and Federal Tax Information must have the sensitive information removed from the CFF and stored in a locked file cabinet.

The sensitive information such as BEER (Federal Tax Information) will be removed from the CFF by clerical suspense staff before the CFF is sent to FKI.

Justice Data Interface Controller (JDIC) and California Law Enforcement Telecommunications System (CLETS) printouts should be shredded by the WFI immediately after needed information is obtained. Printouts obtained for investigations filed with the District Attorney should be stamped "DAT FILE COPY" and filed in the CFF.

WFI 03-102 INVESTIGATION OF EARNED INCOME**Computer Matches - Overview:****Income and Eligibility Verification System (IEVS)**

The Income and Eligibility Verification System (IEVS) is a federally mandated system by which the federally funded CalWORKs, Temporary Assistance for Needy Families (TANF), Med-cal Programs, and Food Stamp Program request, exchange and use information for the purpose of verifying eligibility. (See CFC Division 20-006).

The following are components of the IEVS state wide match Recipient System for Earned Income:

1. Integrated Fraud Detection System (IFDS)
 - a. Integrated Earnings Clearance Fraud Detection System (IFD).
 - b. New Hire Register (NHR)
2. Beneficiary Earnings Exchange Record (BEER)
 - a. BEER Wage match

A. EARNED INCOME/COMPUTER MATCHES

1. WFI receives CFF and reviews LEADER, Earnings Clearance Sheet (ECS-155LA) or BEER wage abstract for the following:
 - a. Aid Program:
 - CalWORKs only
 - CalWORKs/Food Stamps
 - Food Stamps only
 - General Relief
 - b. Participant Identification
 - Name
 - Date of Birth
 - Sex

WFI 03-102 INVESTIGATES EARNED INCOME CONT'D:

- Social Security Number(s)
 - Eligibility Status
 - c. Employer(s) Information:
 - Name(s)
 - Address(s)
 - d. Earnings Information:
 - Months in which earnings appear
 - Amounts of earnings
 - Earnings reported or partially reported
 - e. District's comments on LEADER
2. Additionally, the WFI shall review the following attached documentation, if available:
- PA 1325-3, Record of IFDS Activity sheet listing the results of the District's efforts to obtain verification of earnings and to confront the participant.
 - PA 2419, IFDS, BEER, NHR and Employer Contact Letter PA 965 BEER/FTI Notification Letter (participant)
 - PA 853 Affidavit
 - Any other attached documentation e.g. pay stubs, earnings verification, Overpayment Record (PA 426), Food Stamp Budget Document DFA 285.2LA, SAWs 2/JA 2, CW 7, DFA 842 LA, LEADER Statement of Facts, etc..
3. WFI shall make clear, concise and thorough entries on PA 334 regarding review of information in sections 1 & 2. The following actions should be included:
- a. Completes Section I of the WFP&I 32, Unit Clerk Request Form, requesting a PA 453, Employer Letter and PA 454, Earnings Record, for each CFF attached. Annotates special instructions on the WFP&I 32 as required.

WFI 03-102 INVESTIGATES EARNED INCOME CONT'D:

NOTE: Earnings information should be requested from date of hire to present or termination date.

- b. Places WFP&I 32 with CFFs in the Unit Clerk's "In" basket.
- c. Receives typed PA 453 and PA 454 with CFF from the Unit Clerk.
- d. **Reviews** forms for accuracy. If correct, signs and places original letters in the Unit Clerk's "In" Basket. Files copies on left side of CFF.
- e. Initiates a thirty (30) workday control for employer's response.
- f. If no response is received within 30 days, contacts the employer by phone to determine if request was received. If employer states they have not received the request, a second request is initiated and recontrolled. All contacts are documented on PA 334.
- g. Clarifies any questions the employer may have regarding the PA 453.
- h. If the employer refuses to provide verification of earnings **and SWFI approves**, follows procedures for processing Search Warrants in Section 03-128 of the Field Handbook.

NOTE: Only Peace Officers are allowed to obtain and serve a Search Warrant.

- 4. Upon receipt of verification of earnings from the employer, the WFI shall check the following and take necessary action:
 - a. Prior Employment

If employer verification indicates employment prior to quarters shown on ECS 155 LA.

WFI 03-102 INVESTIGATES EARNED INCOME CONT'D:

NOTE: The WFI is expected to determine if there are prior unreported earnings that are not indicated on the computer printout. The WFI shall complete the investigation for the entire period of employment where earnings were misrepresented and affected the aid.

b. Credit Union Deduction

If the participant has credit union deductions, verify the type of account(s) (i.e. loans, savings, etc.) and amount(s).

5. Verifies the identity of participant as employee following any of the procedures in Sections 03-124 through 03-126.

B. EARNED INCOME / NON-IEVS

1. WFI shall review LEADER and CFRL/WETIP transcripts to determine aid program and recipient identification.
2. If the employer is not known, WFI shall attempt to determine the identity of the employers as follows:
 - a. Complete and submit the Request for IEVS Information, WFP&I 327, using the participant's SSN to determine if any employment was reported to EDD.
 - b. Interview manager/landlord and neighbors in an attempt to verify employment status. Note: WFI should also obtain copy of rental application/agreement.
 - c. Contact school to obtain any possible information regarding parent(s) employment from the school emergency contact record.
 - d. Complete WFP&I 262 to schedule a Fact Finding Interview with the participant. Obtain a PA 853 (Affidavit) from the participant.
3. Once the identity of the employer is known, the WFI shall follow procedures in Section 03-102 part A.

WFI 03-102 INVESTIGATES EARNED INCOME CONT'D:

4. If the participant denies employment and no other evidence of employment has been identified, the WFI shall close the investigation with Negative fraud findings, Negative Assurance following procedures in Section 03-134 (Closing the Investigation).

03-103 INVESTIGATES NON-EARNED INCOME

The following IEVS computer matches indicate non-earned income may have been received by the participant(s):

- Integrated Fraud Detection System (IFDS)
Inter/Intra County Duplicate Benefits Match (AKA: Duplicate Aid Detection System - DADS)
- Supplemental Security Income (SSI/SSP)
- Payment Verification System (PVS)
- Disability Insurance (DI)
- Retirement/Survivor Disability Insurance (RSDI)
- Unemployment Insurance (UI)
- Child Support (SC)
- Franchise Tax Information (FTI) and Asset Clearance Match

A. NON-EARNED INCOME COMPUTER MATCH

Once the participant is proven to be the person who received any of the non-earned income above, follow the applicable procedures in Section 06102. For Asset Match and FTI procedures refer to Section 06-106

B. NON EARNED INCOME/NON-IEVS

These referrals, normally referred by the EW via LEADER, indicate unreported or underreported non-earned income. Follow applicable procedures in Section 03-102.